

SUBSTITUTE FOR
SENATE BILL NO. 252

A bill to establish a marina dredging loan origination program; to authorize certain loan guarantees; to prescribe the powers and duties of certain state agencies and officials; and to provide for an appropriation.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "marina dredging loan origination act".

3 Sec. 2. As used in this act:

4 (a) "Bottomland" means the land area of a water body that lies
5 below the ordinary high-water mark and that may or may not be
6 covered by water.

7 (b) "Dredging" means the removal of sediments from bottomland.

8 (c) "Dredging costs" means the costs associated with dredging
9 that were incurred after February 1, 2013, including costs of

1 removal, disposal, and testing of sediments, and the costs
2 associated with obtaining necessary permits required to conduct
3 dredging.

4 (d) "Eligible marina" means a privately owned, commercial
5 facility in this state that meets all of the following
6 requirements:

7 (i) Extends into or over the Great Lakes, their connecting
8 waters, or an inland lake or stream.

9 (ii) Provides docking, mooring, or launching services for
10 recreational boating and does not limit its services based on
11 religion, race, color, creed, national origin, sex, marital status,
12 disability, age, sexual orientation, or family status.

13 (iii) Has received the permits required by law from the
14 department of environmental quality and the army corps of
15 engineers, as appropriate, for the dredging to be conducted with
16 marina dredging loan funds.

17 (e) "Financial institution" means a state or national bank, a
18 state or federally chartered savings and loan association, a state
19 or federally chartered savings bank, a state or federally chartered
20 credit union, or other regulated lending institution whose deposits
21 are insured by an agency of the United States government, that
22 maintains a principal office or branch office in this state under
23 the laws of this state or the United States.

24 (f) "Inland lake or stream" means that term as it is defined
25 in section 30101 of the natural resources and environmental
26 protection act, 1994 PA 451, MCL 324.30101.

27 (g) "Marina dredging loan" means a loan or the refinancing of

1 all or a portion of a loan made to the owner of an eligible marina
2 for dredging costs necessitated by low water levels to accommodate
3 the use of the marina by recreational watercraft.

4 (h) "Ordinary high-water mark" means either of the following:

5 (i) For an inland lake or stream, that term as it is defined in
6 section 30101 of the natural resources and environmental protection
7 act, 1994 PA 451, MCL 324.30101.

8 (ii) For the Great Lakes, the ordinary high-water mark as
9 described in section 32502 of the natural resources and
10 environmental protection act, 1994 PA 451, MCL 324.32502.

11 (i) "Person" means an individual, partnership, corporation,
12 association, governmental entity, or other legal entity.

13 (j) "Program" means the marina dredging loan origination
14 program established under this act.

15 (k) "Qualified financial institution" means a financial
16 institution that has a physical location in this state or whose
17 principal office is located in this state, or both.

18 Sec. 3. (1) The state treasurer may establish a marina
19 dredging loan origination program as provided in this act.

20 (2) The program shall meet all of the following:

21 (a) A qualified financial institution shall make marina
22 dredging loans before March 1, 2014.

23 (b) A person receiving a marina dredging loan shall pay an
24 interest rate authorized under this act and established by the
25 qualified financial institution.

26 (c) This state shall pay loan origination fees, on a first
27 come first serve basis, for administrative costs incurred by the

1 qualified financial institution equal to 5% of the original
2 principal amount of the loan.

3 (3) A marina dredging loan shall comply with all of the
4 following:

5 (a) Interest shall be set by the qualified financial
6 institution at a rate of not more than the higher of 2.5% or the
7 adjusted prime rate minus 0.75%. As used in this subdivision,
8 "adjusted prime rate" means that term as it is defined in section
9 23 of 1941 PA 122, MCL 205.23.

10 (b) The term of the loan shall not be more than 5 years.

11 (c) The first principal payment required under the loan shall
12 not occur before 24 months after the issuance of the loan.

13 (4) A marina dredging loan shall not exceed \$500,000.00 per
14 eligible marina.

15 Sec. 4. (1) The state treasurer may take any necessary action
16 to ensure the successful operation of the program, including, but
17 not limited to, entering into agreements with qualified financial
18 institutions related to the operation of the program and the
19 issuance of marina dredging loans.

20 (2) The attorney general shall approve as to legal form all
21 documents relating to the payment of a loan origination fee by this
22 state.

23 (3) Each qualified financial institution participating in the
24 program shall do both of the following:

25 (a) By March 1, 2014, report to the state treasurer the
26 principal amount of marina dredging loans made under the program.

27 (b) File an affidavit with the state treasurer signed by a

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1 senior executive officer of the qualified financial institution
2 stating that the qualified financial institution is in compliance
3 with the program and this act.

4 (4) Upon request by the state treasurer, a qualified financial
5 institution shall forward to the state treasurer a copy of any
6 affidavit executed by a person receiving a marina dredging loan
7 under this act. The qualified financial institution and the state
8 treasurer shall destroy the affidavit or its copy after the marina
9 dredging loan is repaid.

10 (5) The program is found and declared to be for a valid public
11 purpose.

12 Sec. 5. (1) [An amount sufficient to pay loan origination fees
13 under this act, not to exceed \$1,000,000.00, shall be expended if it is
14 appropriated to the department of treasury.

15]

16 (2) The appropriation authorized in this section is a work
17 project appropriation, and any unencumbered or unallotted funds are
18 carried forward into the following fiscal year. The following is in
19 compliance with section 451a(1) of the management and budget act,
20 1984 PA 431, MCL 18.1451a:

21 (a) The purpose of the project is to provide financial
22 assistance to eligible marinas and to alleviate financial distress
23 caused by low water levels impacting recreational watercraft use
24 and related economic impacts through the program.

25 (b) The work project will be accomplished through the use of
26 payments to qualified financial institutions for marina dredging
27 loan origination fees for administrative costs incurred by

1 qualified financial institutions.

2 (c) The total estimated completion cost of the work project is
3 \$1,000,000.00.

4 (d) The estimated completion date of the work project is March
5 1, 2014.